(3)

No. 04-1156

IN THE

Supreme Court of the United States

CITIZENS FINANCIAL GROUP, INC.,

Petitioner,

v.

CITIZENS NATIONAL BANK OF EVANS CITY and CITIZENS, INC.,

Respondents.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Third Circuit

RESPONDENTS' BRIEF IN OPPOSITION

DAVID M. KELLY
FINNEGAN, HENDERSON, FARABOW, GARRETT & DUNNER, L.L.P.
901 New York Avenue, N.W.
Washington, D.C. 20001
(202) 408-4000

FREDERICK W. THIEMAN
Counsel of Record
THIEMAN & WARD
Koppers Building
436 Seventh Avenue
Suite 2312
Pittsburgh, PA 15219
(412) 395-1245

RAY F. MIDDLEMAN
MALONE, MIDDLEMAN
Northridge Office Plaza
Suite 310
117 VIP Drive
Wexford, PA 15090
(724) 934-6866

March 31, 2005

Counsel for Respondents

QUESTIONS PRESENTED

1. Did the Third Circuit properly hold that, where a jury finds trademark infringement and consumer confusion is widespread and ongoing, the district court should have enjoined the infringer from using the infringing mark in the trademark owner's market area, rather than enjoining the prevailing trademark owner from using its mark?

CORPORATE DISCLOSURE STATEMENT

Pursuant to Supreme Court Rule 29.6, Citizens National Bank of Evans City and Citizens, Inc. have no parent corporation, and no publicly held company owns 10 percent or more of the stock of Citizens National Bank of Evans City or Citizens, Inc.

TABLE OF CONTENTS

Page

QUESTIONS PRESENTED i

CORPORATE DISCLOSURE STATEMENT ii

TABLE OF CONTENTS iii

TABLE OF AUTHORITIES v

PRELIMINARY STATEMENT 1

COUNTERSTATEMENT OF THE CASE 1

A. Background Facts 1

B. The Trial And Jury Verdict 2

C. The District Court's Ruling on Injunctive Relief and "Molding" of the Jury Verdict 3

D. Third Circuit's Decision on Appeal 5

E. Proceedings On Remand 8

REASONS FOR DENYING THE WRIT 9

I. The Third Circuit's Holding that Trademark Infringement Constitutes Irreparable Injury as a Matter of Law Does Not Conflict with the Lanham Act or the Law in Other Circuits. 9

II. The Injunction Mandated by the Third Circuit Does Not Conflict With the Plain Language of the Lanham Act, the Law of Other Circuits, or the Decisions of This Court. 16

TABLE OF CONTENTS--Continued

Page

III. The Third Circuit's Decision Will Not Frustrate The Riegle-Neal Act or Interstate Banking Activity. 21

CONCLUSION 24

APPENDICES:

A. Excerpts from Record on Appeal to the Third Circuit, Appeal Nos. 03-2868 and 03-3175 ..... 1a

B. Excerpts from CFG's Motion to Stay Mandate, Appeal Nos. Nos. 03-2868 and 03-3175 ..... 8a

C. Excerpts from CFG's Motion for Rehearing, Appeal Nos. 03-2868 and 03-3175 ..... 11a

TABLE OF AUTHORITIES

Page

CASES

Century 21 Real Estate Corp. v. Sandlin, 846 F.2d 1175 (9th Cir. 1988) 21
Citizens Fin. Group, Inc. v. Citizens Nat'l Bank of Evans City, 383 F.3d 112 (3d Cir. 2004) ..... passim
Citizens Fin. Group, Inc. v. Citizens Nat'l Bank of Evans City, No. 01-CV-01524 (W.D. Pa. Dec. 17, 2004) 8
Citizens Fin. Group, Inc. v. Citizens Nat'l Bank of Evans City, No. 01-CV-01524 (W.D. Pa. June 25, 2003) 3, 5
Gucci Am., Inc. v. Daffy's, Inc., 354 F.3d 228 (3d Cir. 2003) 6, 9, 17, 18
International Kennel Club, Inc. v. Mighty Star, Inc., 846 F.2d 1079 (7th Cir. 1988) 15
Johnson & Johnson v. Carter-Wallace, Inc., 631 F.2d 186 (2d Cir. 1980) 12, 13
Lone Star Steakhouse & Saloon v. Alpha of Va., Inc., 43 F.3d 922 (4th Cir. 1995) 15, 21
Moseley v. V Secret Catalogue, Inc., 537 U.S. 418 (2003) 15
Mutual of Omaha Ins. Co. v. Novak, 836 F.2d 397 (8th Cir. 1987) 13
Opticians Assoc. of America v. Indept. Opticians of America, 920 F.2d 187 (3d Cir. 1990) 9
Pizzeria Uno Corp. v. Temple, 747 F2d 1522 (4th Cir. 1984) 21
Processed Plastic Co. v. Warner Communs., Inc., 675 F.2d 852 (7th Cir. 1982) 14
S & R Corp. v. Jiffy Lube Int'l, Inc., 968 F.2d 371 (3d Cir. 1992) 9, 10

TABLE OF AUTHORITIES--Continued

Page

Wynn Oil Co. v. American Way Service Corp., 943 F.2d 595 (6th Cir. 1991) 15
Yale Electric Corp. v. Robertson, 26 F.2d 972 (2d Cir. 1928) 14

STATUTES

12 U.S.C. § 1831u(a) 23
12 U.S.C. § 1842 (d)(1) 23
15 U.S.C. § 1116(a) 11, 19
15 U.S.C. § 1125(a)(1) 12

OTHER AUTHORITIES

Charles E. McKenny, *Federal Unfair Competition: Lanham Act § 43(a)*, § 10.2 (2002) 21
J. Flinn, *Handbook of Intellectual Property Claims and Remedies*, § 8:04[E] (2002) 21
Restatement Second of Torts, § 938, cmt. b (1979) 21
Restatement Third of Unfair Competition § 35 & cmts. b, d (1995) 3, 21

TREATISES

3 Jerome Gilson, *Trademark Protection and Practice*, § 8:07 (2002) 21
J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition, § 27:28 (4th ed. 2004) 13
J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 27:29 (4th ed. 2004) 13
J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 30:10 (4th ed. 2004) 13

PRELIMINARY STATEMENT

This case presents no issue worthy of review by the Supreme Court. The decision by the Court of Appeals for the Third Circuit was a correct application of the Lanham Act, consistent with the language of the Act and the law in other circuits, to the facts presented by the evidence in this case. The Third Circuit properly recognized that trademark infringement causes irreparable harm, and that a district court's refusal to grant *any* injunctive relief against the infringer in order to stop ongoing infringement and consumer confusion is a clear abuse of discretion. The Third Circuit also properly recognized that a district court's entry of an injunction against the *prevailing trademark owner* is a clear abuse of discretion because it fails to consider the Lanham Act's purpose of protecting trademarks.

COUNTERSTATEMENT OF THE CASE

A. Background Facts

Respondent Citizens National Bank of Evans City ("CNBEC") is a community bank founded in 1878 in Evans City, Pennsylvania, just north of Pittsburgh. In 1907, it became federally chartered under its current name "Citizens National Bank." As a result of years of advertising in media reaching throughout the greater Pittsburgh area, CNBEC has been known and identified by its employees, customers, and competitors as "Citizens," since at least the 1950s.

CNBEC operated 16 branches serving people who work and live in the four-county area surrounding the city of Pittsburgh (i.e., Allegheny, Armstrong, Beaver, and Butler counties). For decades prior to Petitioner's entry into its marketplace, CNBEC was the only "Citizens" retail bank in

the greater Pittsburgh metropolitan area.

In July 2001, Petitioner Citizens Financial Group, Inc. ("CFG"), a subsidiary of the Royal Bank of Scotland, purchased the retail banking operations of Mellon Bank and announced its plan to convert the Mellon branches in Pennsylvania to "Citizens Bank" branches. CFG's announcement immediately caused widespread consumer confusion in CNBEC's marketplace.

In response, CNBEC sent a letter to CFG demanding that it not use the "Citizens" name in CNBEC's market. CFG responded by filing this suit in the U.S. District Court for the Western District of Pennsylvania seeking a declaratory judgment that CNBEC could not prevent it from using the name "Citizens." CNBEC asserted counterclaims for trademark infringement and unfair competition under the Lanham Act, and unjust enrichment. CNBEC moved for a preliminary injunction, which the district court denied. The Third Circuit affirmed. *Citizens Fin. Group, Inc. v. Citizens Nat'l Bank of Evans City*, 30 Fed. Appx. 24 (3d Cir. 2002). CFG converted the Mellon branches to "Citizens Bank" branches in December 2001.

Confusion continued unabated from the time of CFG's announcement in July 2001 until trial in May 2003, with CNBEC recording more than 2,000 instances of confusion extending throughout the entire Pittsburgh area. CFG also experienced substantial consumer confusion during this time.

B. The Trial And Jury Verdict

The parties proceeded to a jury trial at which CNBEC asserted three counterclaims: (1) that CFG's "Citizens Bank" mark infringed CNBEC's "Citizens" mark standing alone;

(2) that CFG's "Citizens Bank" mark infringed CNBEC's "Citizens National Bank" mark; and (3) that CFG's conduct constituted unfair competition by which CFG had been unjustly enriched.

On May 29, 2003, after a three-week trial, the jury returned a verdict of trademark infringement. As reflected on the verdict slip, the jury found that CNBEC has rights in the "Citizens" mark standing alone, and that a likelihood of confusion exists between CFG's "Citizens Bank" mark and CNBEC's "Citizens" mark. However, the jury found that CNBEC had not proven that it was "injured" (i.e., suffered no actual economic damages) as a result of CFG's infringement.[1] The jury found no likelihood of confusion between CFG's "Citizens Bank" mark and CNBEC's full "Citizens National Bank" mark.

C. The District Court's Ruling on Injunctive Relief and "Molding" of the Jury Verdict

On June 24, 2003, the district court held an evidentiary hearing on injunctive relief and issued an oral opinion. Petition App. 44a-51a, *Citizens Fin. Group, Inc. v. Citizens Nat'l Bank of Evans City*, No. 01-CV-01524 (W.D. Pa. June 25, 2003).

The district court's opinion analyzed eight factors listed in the Restatement (Third) of Unfair Competition, § 35.

---

[1] The district court limited CNBEC's introduction of evidence of actual confusion to only those instances occurring before November 1, 2002, even though the trial occurred in May 2003. CNBEC's ability to show economic damages at trial was thus limited to only a 10 month period that CFG operated "Citizens Bank" branches in CNBEC's market area.

Petition App. 46a-49a.[2] The district court concluded that an injunction against CFG would be difficult to enforce, would prevent CFG from using the "Citizens" name outside CNBEC's market area, and would have "devastating effects" on CFG. *Id.* at 47a, 49a. In contrast, the court found that CNBEC had failed to demonstrate damage to reputation or goodwill. Thus, although acknowledging that "CNBEC need not show damage for an injunction to issue," the court was not convinced that denying an injunction would be detrimental to CNBEC. *Id.* at 47a-48a.

The court also found that the need for injunctive relief was tempered by two federal banking laws—one requiring CNBEC to include the word "National" in its name when identifying itself, and one requiring CFG to indicate that its branches are owned by or affiliated with "Citizens Bank" even if the court were to order CFG to change the names of its branches.[3] *Id.* at 46a, 48a.

Finally, the district court found that evidence of CNBEC's "unclean hands" (i.e., that it increased its use of the "Citizens" mark to increase confusion and enhance its litigation position) weighed heavily against granting CNBEC permanent injunctive relief. *Id.* at 48a-49a, 50a.

Based on those findings and the jury's finding that confusion was not likely with CNBEC's "Citizens National Bank" mark, the district court refused to grant *any* injunctive

---

[2] Unless noted otherwise, citations are to CFG's Petition for Writ of Certiorari ("Petition"), its attached appendices ("Petition App."), or to the appendices attached to this brief ("Opposition App.").

[3] These are the only two banking laws that CFG raised prior to or during the June 24, 2003 injunction hearing before the district court as being relevant to the scope of injunctive relief.

against CFG, the infringer, and instead sua sponte entered an injunction against CNBEC, the prevailing party and victim of the infringement, requiring it to initially refer to itself in every communication by its full name, "Citizens National Bank." Petition App. 50a.

Based on its ruling on injunctive relief, the district court set aside the jury's verdict and molded the infringement verdict in CNBEC's favor into a declaratory judgment in CFG's favor. *Id.* at 51a. CNBEC appealed.

D. Third Circuit's Decision on Appeal

1. The "Molding" of the Jury Verdict

On appeal, the Third Circuit held that the district court erred by "molding" the jury's verdict. Petition App. 22a-23a, *Citizens Fin. Group, Inc. v. Citizens Nat'l Bank of Evans City*, 383 F.3d 112, 124-25 (3d Cir. 2004).

According to the Third Circuit, the jury's finding that CNBEC had rights in the "Citizens" mark, and that a likelihood of confusion existed with CFG's mark, constituted a finding of trademark infringement. *Id.* at 22a, 383 F.3d at 124. The Third Circuit held that the district court's "molding" of the verdict of infringement for CNBEC into a verdict of non-infringement for CFG "produced a collision with the Seventh Amendment." *Id.*

The Third Circuit found that the district court's "molding" was based on its error in framing the verdict slip in terms of "injury" rather than money damages (the only issue properly before the jury), and its erroneous assumption that the jury's finding of no money damages was equivalent to a finding of no injury. *Id.* at 23a-24a, 383 F.3d at 125.

The Third Circuit explained that the "injury" from trademark infringement encompasses more than money damages. It reiterated its prior holding that "trademark infringement amounts to irreparable injury as a matter of law" because it "amounts to borrowing the senior user's reputation and goodwill, which is an injury in and of itself." Petition App. 24a, 35a, 383 F.3d at 125, 131. As such, the jury's verdict "may not be used to supplant the principle that CFG's infringement constitutes a legal injury to CNBEC as a matter of law." *Id.* at 24a, 383 F.3d at 125.

The Third Circuit thus reversed the entry of declaratory judgment for CFG and remanded the case to the district court with instructions to vacate the judgment, enter judgment in favor of CNBEC, and mold the verdict as a finding that CNBEC had failed to prove money damages as a result of CFG's infringement. *Id.* at 40a, 383 F.3d at 134.

2. The Ruling on Injunctive Relief

The Third Circuit prefaced its review of the district court's ruling on injunctive relief with the admonition that, "although we have stated that trademark infringement is an irreparable injury as a matter of law, we have also held that the irreparable injury we referred to was not intended to swallow the remaining prongs of the permanent injunction inquiry." *Id.* at 24a, 383 F.3d at 125 (citing *Gucci Am., Inc. v. Daffy's, Inc.*, 354 F.3d 228, 237 (3d Cir. 2003)).

The Third Circuit reviewed the district court's ruling on injunctive relief under an abuse of discretion standard. *Id.* at 26a, 383 F.3d at 126. Acknowledging that "equity is the key in determining a proper remedy once a likelihood of confusion exists," the Third Circuit reviewed the district court's analysis and findings on the Restatement factors to

determine whether the court had abused its discretion. *Id.* at 26a-27a, 383 F.3d at 126.

The Third Circuit found that the district court's analysis was fraught with error. It found, inter alia, that the district court had erred by enjoining CNBEC's use of the "Citizens" mark, given that it is the senior user of the mark and the victim of the infringement; by finding that a limited injunction tailored to at most four counties would prevent CFG from using its name outside CNBEC's market and would have "devastating effects" on CFG; and by holding that an injunction against CFG would be difficult to enforce. *Id.* at 28a-31a, 34a, 383 F.3d at 127-28, 130. The Third Circuit indicated that the Lanham Act's objectives of consumer and trademark protection required the district court "to craft injunctive relief that will minimize confusion, rather than abandoning injunctive relief all together." *Id.* at 31a, 383 F.3d at 128.

Based on its review of the district court's equitable analysis, the Third Circuit concluded that the district court had abused its discretion by refusing to grant *any* injunctive relief to stop CFG's infringement, and by instead restraining CNBEC's use of the "Citizens" mark. The Third Circuit found that, under the circumstances, CNBEC was entitled to an injunction prohibiting CFG from using the "Citizens" mark in CNBEC's market. *Id.* at 35a-36a, 383 F.3d at 131.

Regarding the scope of an appropriate injunction, the Third Circuit stated that, "as an appellate court one step removed from the facts of this case, we are hesitant to enunciate the ultimate contours of the injunction." *Id.* at 37a-38a, 383 F.3d at 132. The Third Circuit indicated that, based on the evidence and the district court's finding that CNBEC had rights at least in Butler County and parts of

Allegheny County, an appropriate injunction must—at a minimum—enjoin CFG from offering or advertising retail banking services under the mark "Citizens Bank" in Butler County. The Third Circuit left it to the district court on remand "to determine the specific contours of CNBEC's market area in the other three disputed counties." *Id.* at 40a-41a, 383 F.3d at 134.

E. Proceedings On Remand

On remand, the district court vacated the judgment in favor of CFG and entered judgment in favor of CNBEC. The district court molded the jury's verdict to reflect a finding that CNBEC had not proven money damages as a result of CFG's infringement.

In accordance with the Third Circuit's mandate, the district court entered an injunction permanently enjoining CFG "from offering or advertising retail banking services under the mark 'Citizens Bank' in Butler County, Pennsylvania, including any spillover advertising occasioned by any national advertising through any form of media, including the internet."[4] Petition App. 62A, *Citizens Fin. Group, Inc. v. Citizens Nat'l Bank of Evans City*, No. 01-CV-01524 (W.D. Pa. Dec. 17, 2004). The district court held an evidentiary hearing on March 10, 2005, "to determine the specific contours of CNBEC's market area in Northern Allegheny County, Armstrong County, and Beaver County." *Id.* The district court has not yet ruled on the scope of CNBEC's geographic rights.

---

[4] In a separate appeal before the Third Circuit (No. 05-1073), CFG has challenged the scope of this injunction. The issues raised by that appeal, however, are irrelevant to CFG's petition before this Court.

REASONS FOR DENYING THE WRIT

I. The Third Circuit's Holding that Trademark Infringement Constitutes Irreparable Injury as a Matter of Law Does Not Conflict with the Lanham Act or the Law in Other Circuits.

The Third Circuit has recognized that trademark infringement constitutes a *per se* injury because the existence of a likelihood of confusion interferes with the trademark owner's ability to control its own mark, and creates the *potential* for damage to reputation. The Third Circuit recognizes that this loss of control is by its very nature an irreparable injury. As such, the Third Circuit has held that "trademark infringement amounts to irreparable injury as a matter of law." *Citizens Fin. Group, Inc. v. Citizens Nat'l Bank of Evans City*, 383 F.3d 112, 125 (3d Cir. 2004); *Gucci America, Inc. v. Daffy's, Inc.*, 354 F.3d 228, 237 (3d Cir. 2003).[5] *See also Opticians Assoc. of America v. Indept. Opticians of America*, 920 F.2d 187, 195-96 (3d Cir. 1990); *S & R Corp. v. Jiffy Lube Int'l, Inc.*, 968 F.2d 371, 378 (3d Cir. 1992). As demonstrated below, the Third Circuit's holding does not conflict with the law in other circuits or with the plain language of Section 43(a) of the Lanham Act.

---

[5] The Third Circuit in *Gucci* found infringement but no irreparable injury because it held that Gucci had waived the issue of "loss of control" and had relied solely on the claim of *actual* injury to its reputation and goodwill, which the district court rejected. Unlike the plaintiff in *Gucci*, however, CNBEC *did* argue to the district court that "loss of control" was a basis for finding irreparable harm. Opposition App. 1a-7a, Record from Appeal Nos. 03-2868 and 03-3175, pp. A3004, A5942-45.

A. The Third Circuit's Holding That a Final Judgment of Trademark Infringement Constitutes Irreparable Injury as a Matter of Law Does Not Conflict with Decisions in Other Circuits Applying a Presumption of Irreparable Harm at the Preliminary Injunction Stage.

CFG contends that the Third Circuit's holding that trademark infringement gives rise to irreparable injury as a matter of law is not the law in other circuits. CFG insists that in other circuits, a finding of infringement creates only a rebuttable presumption of injury. However, CFG fails to substantiate its claim that the Third Circuit departs from the mainstream by equating a *finding of infringement on the merits after a jury trial or other final disposition* with irreparable injury as a matter of law.[6] CFG fails to point to any other circuit court that takes issue with this bedrock principle.

CFG does not cite a single case applying a rebuttable presumption of irreparable harm at the permanent injunction stage after a finding of infringement on the merits. Instead, CFG relies on cases applying a presumption of irreparable harm at the *preliminary injunction stage based on a mere likelihood of success on the merits*. Despite its bluster, CFG has already admitted in a prior pleading that the putative split of authority on which it bases its petition does not in fact exist. Although relegated to a footnote in its motion for a

---

[6] Although the Third Circuit's decision in *S & R Corp. v. Jiffy Lube Int'l, Inc.*, 968 F.2d 371 (3d Cir. 1992) involved a preliminary injunction, the case presently before the Court was decided on a request for permanent injunction after a jury finding of infringement. The correctness of the Third Circuit's decision in *S & R Corp.* is not before the Court.

stay of the Third Circuit's mandate, CFG admits that the cases it relies on to prove a split of authority "arose in the context of requests for preliminary, not permanent, injunctions." Opposition App. 8a-10a.

The cases cited by CFG thus do not expose any rift between the circuits regarding the consequences of a *final judgment* of infringement following trial on the merits or any other final disposition.

B. The Third Circuit's Holding is Consistent with the Plain Language of the Lanham Act.

CFG contends that the Third Circuit's holding is contrary to the plain language of Section 43(a) of the Lanham Act, which CFG contends requires both a showing of a likelihood of confusion and a showing of damages in order to obtain injunctive relief. Petition p. 17. CFG is simply wrong.

The Lanham Act gives courts the "power to grant injunctions . . . to prevent the violation" of Section 43(a). 15 U.S.C. § 1116(a). Section 43(a), in pertinent part, defines a violation as follows:

> Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—
>
> > (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with

> another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person,
>
> shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

15 U.S.C. § 1125(a)(1)(A). On its face, then, the Lanham Act requires a party asserting a claim under Section 43(a) only to prove a likelihood of confusion to obtain injunctive relief.

CFG makes a feeble effort to read a damage requirement into the final clause of Section 43(a), which limits relief to "any person who believes that he or she is or is likely to be damaged by such act." 15 U.S.C. § 1125(a)(1). In support of its argument, CFG relies on language in a Second Circuit decision and in Professor McCarthy's trademark-law treatise stating that actual or likely damage is an element of a claim for injunctive relief. Petition p. 17 & n.14 (citing *Johnson & Johnson v. Carter-Wallace, Inc.*, 631 F.2d 186 (2d Cir. 1980), and 4 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 27:13 (4th ed. 2004)).[7]

As a preliminary matter, both *Johnson & Johnson* and Section 27:13 of *McCarthy* address false-advertising claims, not trademark-infringement claims.

Moreover, CFG's argument is contradicted by the very authorities upon which it relies. Both make clear that showing "actual or likely damage" is merely a requirement

---

[7] Citations to J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* are identified hereafter simply as "*McCarthy*."

to establish standing to sue. Most importantly, as Professor McCarthy's discussion of *Johnson & Johnson* and other cases makes clear, this standing requirement is satisfied by a mere showing that the parties are competitors. *See McCarthy* § 27:28, § 27:29. In this case, there is no question whatsoever that CNBEC, as a direct competitor of CFG whose trademark rights have been infringed by CFG, had standing to sue.

CFG's claim is also contradicted by legal authority holding that, once a party shows a likelihood of confusion, it need not show actual damages or injury in order to obtain injunctive relief. *See, e.g., Mutual of Omaha Ins. Co. v. Novak*, 836 F.2d 397, 403 (8th Cir. 1987) ("In trademark infringement, it is not necessary for plaintiff to prove actual damage or injury to obtain injunctive relief . . . All that the complaining party must do to establish its right to an injunction is to prove the likelihood of confusion."); 5 *McCarthy* § 30:10, pp. 30-21 to 30-22 ("In trademark infringement, it is not necessary for plaintiff to prove actual damage or injury to obtain injunctive relief . . . All that must be proven to establish liability and the necessity for an injunction to stop defendant, is the likelihood of confusion, and hence of injury.").

Accordingly, contrary to CFG's claims, the Third Circuit's decision does not "improperly collapse two elements into a single prong," and is not contrary to the plain language of Section 43(a) of the Lanham Act.

C. The Third Circuit's Holding Is Consistent With The Law In Other Circuits.

Far from being at odds with the decisions of other circuits, the Third Circuit's ruling follows a line of precedent

holding that trademark infringement inherently constitutes injury as a matter of law, and qualifies the victim of infringement for injunctive relief, even absent a showing of actual damages.

The Third Circuit's precedent is based on a venerable holding by the Second Circuit. In *Yale Electric Corp. v. Robertson*, 26 F.2d 972 (2d Cir. 1928), Judge Learned Hand wrote for the court:

> [A trademark owner's] mark is his authentic seal; by it he vouches for the goods which bear it; it carries his name for good or ill. *If another uses it, he borrows the owner's reputation, whose quality no longer lies within his own control. This is an injury, even though the borrower does not tarnish it, or divert any sales by its use.*

Id. at 974 (emphasis added).

Other circuits have similarly held that trademark infringement constitutes irreparable injury. For example, the Seventh Circuit has written:

> This and many other Courts have often recognized that the damages occasioned by trademark infringement are by their very nature irreparable . . . [T]his readiness to find irreparable injury arises in part from the realization that 'The most corrosive and irreparable harm attributable to trademark infringement is the inability of the victim to control the nature and quality of the defendant's goods.'

Processed Plastic Co. v. Warner Communs., Inc., 675 F.2d 852, 858 (7th Cir. 1982) (citations omitted). *See Lone Star*

Steakhouse & Saloon v. Alpha of Va., Inc., 43 F.3d 922, 939 (4th Cir. 1995) ("[A] finding of irreparable injury ordinarily follows when a likelihood of confusion or possible risk to reputation appears.") (citing cases); *Wynn Oil Co. v. American Way Service Corp.*, 943 F.2d 595, 607 (6th Cir. 1991) (same); *International Kennel Club, Inc. v. Mighty Star, Inc.*, 846 F.2d 1079, 1092 (7th Cir. 1988) (trademark infringement causes irreparable injury "by its very nature").

Professor McCarthy has summarized the law as follows:

> The law views the owner of a trademark as damaged by an infringing use which places the owner's reputation beyond its control, though no loss in business is shown. Damage caused by the trademark infringement are by their very nature irreparable and not susceptible of adequate measurement for remedy at law.

McCarthy § 30:2 (citing cases).

Not surprisingly, CFG ventures elsewhere—into patent, copyright, and trademark dilution cases—to attempt to create the appearance of a circuit split in trademark-infringement cases. Petition pp. 13 & n.8, 14, 16 n.11, 18-19. These other types of cases, however, are simply inapplicable. Those statutes have different language, policies, and objectives than Section 43(a) of the Lanham Act. For example, Section 43(a) is designed to protect consumers, whereas the other three statutes are not. The Lanham Act requires proof that a mark is "likely to cause confusion," but the Federal Trademark Dilution Act, 15 U.S.C. § 1125(c), requires proof that a mark actually "causes dilution." *See Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 429, 432 (2003). CFG's reliance on and analogies to *Moseley* and other non-

trademark infringement cases is thus misplaced.

II. The Injunction Mandated by the Third Circuit Does Not Conflict With the Plain Language of the Lanham Act, the Law of Other Circuits, or the Decisions of This Court.

A. The Third Circuit's Holding Does Not Create a Per Se Rule that an Absolute Injunction is Mandatory in Trademark-Infringement Cases.

CFG distorts the Third Circuit's decision and precedent by arguing that the limited injunction at issue in this case—confined to CNBEC's home turf, issued after a careful balancing of equitable factors, and remanding to the district court to craft its geographic contours—somehow constitutes a mandatory requirement of a "complete ban" that runs afoul of the Lanham Act and deviates from the norm in other circuits. Nothing can be further from the truth.

The Third Circuit's decision makes it clear that it was *not* relying on a *per se* rule requiring a mandatory injunction in trademark infringement cases. It admonished that, "although we have stated that trademark infringement is an irreparable injury as a matter of law, we have also held that *the irreparable injury we referred to was not intended to swallow the remaining prongs of the permanent injunction inquiry*." Petition App. 24a, 383 F.3d at 125 (emphasis added). Rather than simply relying on a per se rule requiring a mandatory injunction, the Third Circuit held that "weighing injunctive relief requires a comparative appraisal of all the factors of the case." *Id.* at 27a, 383 F.3d at 126. It declined to endorse any finite set of factors to be considered in determining the equities of injunctive relief, deferring instead to the district court's selection of the Restatement

factors. *Id.* at 26a-27a, 383 F.3d at 126. The Third Circuit acknowledged that the district court had considerable discretion to grant or deny injunctive relief, and indicated that it would not interfere with the district court's exercise of discretion unless the district court erred in weighing those factors. *Id.* at 26a, 383 F.3d at 126. The Third Circuit's approach thus belies any reliance on a per se rule requiring a mandatory injunction.

The Third Circuit's decision in *Gucci v. Daffy's* proves that the law of the Third Circuit does not require an absolute injunction as a mandatory remedy in cases of trademark infringement. CFG not only previously admitted that this is the law of the Third Circuit, but it actually took this same position as a basis to support its request for rehearing before the Third Circuit.[8] Astonishingly, it now takes a contrary position in support of its petition to this Court.

In *Gucci*, the Third Circuit found trademark infringement but declined to grant a permanent injunction. 354 F.3d 228. As in this case, the Third Circuit in *Gucci* warned that, "although we have said that trademark infringement amounts to irreparable injury as a matter of law, the irreparable injury we referred to was not intended to swallow the remaining prongs of the permanent injunction inquiry." *Id.* at 237. Rather than reflexively entering a permanent injunction, the Third Circuit analyzed several equitable factors to determine if a permanent injunction was necessary or appropriate. The

---

[8] In its petition for rehearing to the Third Circuit, CFG relied on *Gucci* in support of its argument that Third Circuit law does *not* impose a mandatory injunction in trademark infringement cases, but rather that "the law of the Third Circuit demands a more exacting analysis" than a per se rule of mandatory injunctive relief. Opposition App. 11a-13a, CFG's Petition For Rehearing, Appeal Nos. 03-2868 and 03-3175.

Third Circuit found that the district court's decision to deny a permanent injunction was not an abuse of discretion under the circumstances of the case (e.g., the infringement was not knowing or deliberate, the defendant immediately stopped the infringing conduct, the defendant immediately took steps to minimize the damage, and the defendant adopted a policy to avoid even the possibility of infringing in the future).[9] *Id.* at 236-38.

Far from the mechanical application of a per se rule, the Third Circuit's opinion in this case reflects a factor-by-factor review of the district court's equitable analysis, culminating in the Third Circuit's determination that CNBEC faced "a strong likelihood of reverse confusion" in the future and thus deserved injunctive relief tailored to protect its "substantial community goodwill" earned from over a century of doing business in Butler County and the surrounding areas. Petition App. 27a-36a, 383 F.3d at 126-31.

Based on its review of the district court's analysis and findings, the Third Circuit concluded that an injunction against CFG was necessary and appropriate, that—at a minimum—an appropriate injunction must include Butler

---

[9] In glaring contrast to the defendant in *Gucci*, CFG not only wishes to perpetuate its past deliberate infringement, but continues to expand its infringement within CNBEC's market. Six weeks after the Third Circuit's opinion, CFG opened yet another Citizens Bank branch in Butler County, the one full county that the district court and the Third Circuit both agreed was part of CNBEC's market area. Unlike the defendant in *Gucci*, which made amends for its past infringement, CFG has not eschewed the intent to infringe, but rather is increasing its infringement of CNBEC's trademark rights. Under the circumstances, the Third Circuit's issuance of a permanent injunction epitomizes the exercise of discretion, consistent with the Lanham Act and equitable principles, universally applied by the courts of all the federal circuits.

County, and that the district court's refusal to grant *any* injunctive relief to CNBEC and instead enjoining CNBEC was an abuse of discretion. CFG's strained effort to characterize this relief as a mandatory injunction simply ignores the record and the panel's rationale. Petition App. 36a-38a, 383 F.3d at 132.

B. The Third Circuit's Decision is Consistent with the Plain Language of the Lanham Act.

The Lanham Act vests courts with the power to grant injunctive relief "according to the principles of equity and upon such terms as the court may deem reasonable" in order to prevent a violation of Section 43(a). 15 U.S.C. § 1116(a). As discussed in Part I.B. above, the plain language of the statute requires only a showing of a likelihood of confusion to support an award of injunctive relief.

As detailed above, the Third Circuit's injunction mandate is based on the jury's finding of a likelihood of confusion, and is guided by the principles of equity—and *not* a per se rule requiring a mandatory injunction. The Third Circuit's decision in this case is thus consistent with the plain language of the Lanham Act.

C. The Third Circuit's Decision is Consistent with the Law of Other Circuits and the Decisions of this Court.

CFG cites decisions by other circuits recognizing that the Lanham Act gives district courts broad discretion over whether to issue injunctive relief and to determine the form of relief based on the facts of each case. Those cases reject per se rules that mandate the entry of absolute injunctions, instead of allowing an equitable balancing of factors and

tailoring of injunctive relief according to the circumstances of each case. Petition, pp. 19-22. CFG cites three decisions by this Court in non-trademark cases holding that district courts are not required to issue an injunction every time there is a violation of a statute. Petition, pp. 22-23.

The Third Circuit's decision in this case is not in conflict with those cases. As detailed in Part II.A above, the Third Circuit's decision in this case, like its decision in *Gucci*, expressly rejects any per se rule that swallows the traditional equitable balancing test, or that mandates the entry of an absolute injunction whenever there is a finding of trademark infringement. As in the cases CFG cites, the Third Circuit's decision recognized that the Lanham Act gives district courts discretion over whether to issue an injunction and to fashion relief, *subject to review for abuse of discretion.*

As its language and reasoning make clear, the Third Circuit's injunction mandate in this case was *not* based on a per se rule requiring an absolute injunction. Rather, its decision was based on its review of the district court's equitable analysis and its conclusion that, given the facts and the law, the district court's refusal to grant *any* injunctive relief against CFG's infringement, and its entry of an injunction against CNBEC instead, was a clear abuse of its considerable discretion.

The Third Circuit's holding that CNBEC was entitled to injunctive relief under the circumstances is thus not only consistent with the cases cited by CFG, but is in line with the overwhelming weight of legal authority and commentary concluding that injunctive relief is necessary and will ordinarily be awarded in trademark-infringement cases in order to stop ongoing infringement and to fulfill the Lanham Act's objectives of preventing consumer confusion and

protecting the goodwill associated with trademarks. *See Lone Star Steakhouse Saloon*, 43 F.3d at 939 (injunctions are "almost routinely issued when infringement is shown"); *Century 21 Real Estate Corp. v. Sandlin*, 846 F.2d 1175, 1181 (9th Cir. 1988) (injunctions provide the only practical relief to stop infringement); *Pizzeria Uno Corp. v. Temple*, 747 F2d 1522, 1527 (4th Cir. 1984) (trademark owner "is entitled to relief" from infringement). *See also Restatement Third of Unfair Competition* § 35 & cmts. b, d (1995) ("injunctive relief will ordinarily by awarded" and are denied "only in unusual circumstances"); *Restatement Second of Torts*, § 938, cmt. b (1979) (appropriateness of an injunction is "obvious" in infringement cases); 5 *McCarthy* § 30:2 ("injunction is the standard remedy in unfair competition cases"); 3 Jerome Gilson, *Trademark Protection and Practice*, § 8:07 (2002) ("injunction is a versatile and frequent remedy"); J. Flinn, *Handbook of Intellectual Property Claims and Remedies*, § 8:04[E] (2002) ("permanent injunction is the most common remedy"); Charles E. McKenny, *Federal Unfair Competition: Lanham Act § 43(a)*, § 10.2 (2002) ("injunctive relief is appropriate in many actions arising under Section 43(a)").

The Third Circuit's decision in this case is thus consistent with the cases cited by CFG, the law in other circuits, and the decisions of this Court.

III. The Third Circuit's Decision Will Not Frustrate The Riegle-Neal Act or Interstate Banking Activity.

In what is apparently a never-ending quest to find a banking regulation that will shield its deliberate trademark infringement, CFG again argues that federal banking laws weigh in its favor and against CNBEC's trademark rights.

Prior to or during the June 24, 2003 injunction hearing before the district court, CFG asserted that two banking laws were relevant to the scope of injunctive relief—one regarding use of "National" in CNBEC's name and one regarding a statement of ownership if CFG renamed its branches. *See* p. 4 & n.3, *supra*. *See also* Petition App. 46a, 48a. The Third Circuit, however, found that CFG's "banking law" arguments have no merit. Petition App. 27a, 28a, 30a, 34a, 383 F.3d at 126, 127, 128, 130. Just like CFG's earlier two "banking law" arguments, its newest one—the Riegle-Neal Act—also has no merit.

A. CFG Has Waived Its Riegle-Neal Arguments.

As shown below, the Riegle-Neal Act is not relevant to this case. However, to the extent this law is relevant here, CFG's arguments about the Riegle-Neal Act have been waived. While CFG has previously made a number of unsuccessful arguments during the injunction phase of the district court case that two different federal banking laws affected its use of "Citizens Bank" mark or prevented it from ceasing its infringement, it has never timely raised any arguments based on the Riegle-Neal Act in the district court. CFG has therefore waived any arguments regarding the Riegle-Neal Act.

B. CFG Has Made No Showing That The Riegle-Neal Act Is Relevant To Federal Trademark Claims.

The statutory provisions cited by CFG relate only to agency approvals for bank mergers and acquisitions. Section 3(d)(1) of the Bank Holding Company Act merely allows the Board of Governors of the Federal Reserve System to approve an application for a bank acquisition "*without regard to whether such transaction is prohibited under the*

law of any State." 12 U.S.C. § 1842 (d)(1). Similarly, Section 44(a) of the Federal Deposit Insurance Act merely allows the responsible agency to approve a bank merger "*without regard to whether such transaction is prohibited under the law of any State*." 12 U.S.C. § 1831u(a).

On their face, neither statute regulates the use of bank names generally or even in the context of a merger or acquisition. CFG's suggestion that these statutes restrict its ability to change names, merge, or acquire banks thus has no merit.[10] Moreover, CFG's argument is contrary to the prior testimony of CFG's own witnesses.[11]

Finally, the statutes on their face reference only state laws. The statutes do not say anything about restrictions or prohibitions under federal law. And CFG has presented no evidence to suggest that, in passing the Riegle-Neal Act, Congress had a general intent to usurp or preempt other

---

[10] If accepted, CFG's argument would effectively render unenforceable *any* federal statute—ranging from the Sherman Antitrust Act to the Sarbanes Oxley Act—that could be said to "frustrate" interstate banking activity in general or CFG's expansionist banking operations in particular.

[11] Despite its attempts to shield or excuse its use of the infringing "Citizens Bank" mark by referencing federal banking laws, CFG's Chairman admitted at trial that jointly owned banks have used different names (Record from Appeal Nos. 03-2868 and 03-3175, p. A894); that CFG had purchased 19 different banks with names other than Citizens (*id.* at A809); that CFG could keep or change the name of purchased banks (*id.* at A855-856); and that CFG could have used CFG as a name (*id.* at A894). CFG's banking expert Dr. Crane also testified that nothing prevents utilization of multiple names (*id.* at A1260-1262); that it is permissible to have banks with different names (*id.* at A1262); that banks have successfully changed names to initials (*id.* at A1263); and that confusion could be reduced by complying with banking regulations (*id.* at A1273).

federal statutes that might incidentally affect interstate banking activity, or that it had a specific purpose of narrowing the scope of protection of the Lanham Act in the field of interstate banking. Absent such a showing, this Court should not construe two separate acts of Congress—the Lanham Act and the Riegle-Neal Act—to be in conflict.

CONCLUSION

For the foregoing reasons, the petition for a writ of certiorari should be denied.

Respectfully submitted,

David M. Kelly
FINNEGAN, HENDERSON, FARABOW, GARRETT & DUNNER, L.L.P.
901 New York Ave., N.W.
Washington, D.C. 20001
(202) 408-4000

Frederick W. Thieman
Counsel of Record
THIEMAN & WARD
436 Seventh Avenue,
Suite 2312
Pittsburgh, PA 15219
(412) 395-1245

Ray F. Middleman
MALONE MIDDLEMAN, P.C.
117 VIP Drive, Suite 310
Wexford, PA 15090
(724) 934-6888

Counsel for Respondents